

MR. CHAIRMAN

HONORABLE COMMITTEE MEMBERS

GOOD AFTERNOON.

MY NAME IS ART PAPAPANOS. I AM THE VICE PRESIDENT FOR BOARD ADMINISTRATION AT THE DETROIT ECONOMIC GROWTH CORPORATION, KNOWN AS THE DEGC. DEGC IS A PRIVATE NOT FOR PROFIT ECONOMIC DEVELOPMENT CORPORATION THAT ASSISTS THE CITY OF DETROIT IN ITS ECONOMIC DEVELOPMENT ACTIVITIES, AND PROVIDES ADMINISTRATIVE SERVICES TO THE CITY'S PUBLIC AUTHORITIES AND CORPORATIONS SUCH AS:

- DOWNTOWN DEVELOPMENT AUTHORITY (DDA)
- ECONOMIC DEVELOPMENT CORPORATION (EDC)
- BROWNFIELD REDEVELOPMENT AUTHORITY (DBRA)
- NEIGHBORHOOD DEVELOPMENT CORPORATION (NDC)
- LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)
- TAX INCREMENT FINANCE AUTHORITY (TIFA)
- CORRIDOR IMPROVEMENT AUTHORITY (CIA)

WE WOULD LIKE TO THANK THIS HONORABLE BODY FOR THE OPPORTUNITY YOU PROVIDED US TO GIVE TESTIMONY ON THE PROPOSED ELIMINATION OF BROWNFIELD AND HISTORIC TAX CREDITS IN THE GOVERNOR'S PROPOSED 2012 AND 2013 BUDGET.

THE CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY HAS BEEN ACTIVE IN PROVIDING BROWNFIELD INCENTIVES SINCE 2000. ITS RECORD IS A SUCCESS STORY BY ANY QUANTITATIVE AND/OR QUALITATIVE MEASURES. FURTHERMORE, WITHOUT BROWNFIELD AND/OR HISTORIC TAX CREDITS, PHYSICAL REDEVELOPMENT COULD NOT BE POSSIBLE IN THE CITY OF DETROIT.

ALLOW US PLEASE TO PRESENT TO YOU DETROIT'S SUCCESS IN CUMULATIVE NUMBERS FIRST, AND THEN WE WILL FOLLOW WITH A FEW SPECIFIC PROJECT DESCRIPTIVE EXAMPLES.

- 181 BROWNFIELD PLANS (APPROVED)
- \$6.3 BILLION INVESTMENT (UPON COMPLETION)
- \$320.0 MILLION MBT CREDIT (IN THE PLANS)
- \$262.0 MILLION MBT PRE-APPROVALS
- 15.2 THOUSAND JOBS
- 10.4 THOUSAND HOUSING UNITS
- \$450.0 MILLION IN ANNUAL INCOME
- 1.8 BILLION IN LOCAL GDP

(SEE ATTACHMENT "A")

IN TERMS OF INDUSTRY DIVERSIFICATION, THE ABOVE-MENTIONED PROJECTS REPRESENT INDUSTRIAL, COMMERCIAL, TECHNOLOGY, RETAIL, MIXED USE, HOTELS, HIGH TECH AND RESIDENTIAL PROJECTS.

AT THIS POINT WE WOULD LIKE TO PRESENT A FEW EXAMPLES OF PROJECTS THAT WERE MADE POSSIBLE WITH THE USE OF BROWNFIELD AND/OR HISTORIC TAX CREDITS.

(SEE ATTACHMENT "B")

IN CLOSING, AND IN CONSIDERATION OF THE ABOVE-MENTIONED BENEFITS ACCRUED BY THE CITY OF DETROIT THROUGH THE USE OF BROWNFIELD AND HISTORIC TAX CREDITS, WE WOULD URGE THIS HONORABLE BODY TO CONSIDER THE FOLLOWING:

- (A) RETENTION OF BROWNFIELD AND HISTORIC TAX CREDITS AGAINST ANY FORM OF BUSINESS TAX LIABILITY, GIVEN THAT DATA SUPPORT THE ARGUMENT THAT TAX CREDITS ARE MORE EFFECTIVE AND MORE VALUABLE AS COMPARED TO GRANTS.
- (B) IN THE EVENT THAT RETENTION OF BROWNFIELD AND HISTORIC TAX CREDITS PROVES TO BE UNATTAINABLE, AN INCREASE OF THE GOVERNOR'S PROPOSED APPROPRIATION FOR BROWNFIELD PROJECTS TO A MINIMUM OF \$150.0 MILLION ANNUALLY, INCLUDING CERTAIN PROVISIONS FOR CORE COMMUNITIES.
- (C) CAREFUL REVIEW OF HOUSE BILL 4362, TO SECURE THE ABILITY OF THE STATE TO MEET UNEXPIRED COMMITMENTS MADE TO APPROVED BROWNFIELD PLAN APPLICANTS THROUGH PREAPPROVAL LETTERS OR INVITATION LETTERS. THESE COMMITMENTS OUGHT TO BE MET THROUGH THE USE OF ALTERNATIVE SOURCES AND NOT FROM THE PROPOSED ANNUAL APPROPRIATIONS.

THANK YOU.

Detroit Brownfield Plans

Attachment A

Table Number	Brownfield Plans	Number of Plans	Investment Amount	Received MBT Preapproval Letters	Amount of MBT Preapproval Letters	Received Certificates of Completion	Amount of Certificates of Completion	Jobs Generated	Residential Units Created
Table 1	Total Approved DBRA Projects	181	\$6,300,179,335	138	\$262,153,238	66	\$112,451,375	15191	10094
Table 2	Approved Projects by Use								
	High Tech	1	\$14,263,750	1	\$870,000	1	\$869,000	600	0
	Hotels	2	\$204,000,000	2	\$16,887,763	2	\$16,887,763	800	77
	Industrial	9	\$2,184,460,000	7	\$16,000,000	6	\$5,688,982	2105	0
	Mixed Use	50	\$1,932,058,778	43	\$114,882,668	16	\$26,510,735	834	1046
	Office/Commercial	24	\$889,208,713	15	\$47,068,214	7	\$41,858,251	5070	0
	Residential	70	\$879,430,730	51	\$55,763,111	24	\$14,864,057		1576
	Retail	25	\$196,757,364	19	\$10,681,482	10	\$5,772,587	970	
	Total	181	\$6,300,179,335	138	\$262,153,238	66	\$112,451,375	10379	2699

Detroit Brownfield Plans

Attachment A

Table Number	Brownfield Plans	Number of Plans	Investment Amount	Received MBT Preapproval Letters	Amount of MBT Preapproval Letters	Received Certificates of Completion	Amount of Certificates of Completion	Jobs Generated	Residential Units Created
Table 3	DBRA MBT Plans with MBT Certificates of Completion	65	\$1,911,776,152	65	\$135,914,104	65	\$112,451,375		
Table 4	DBRA MBT Plans with MBT Preapproval Letters but not Certificates of Completion	72	\$3,539,952,141	72	\$125,396,599	0	\$0		
Table 5	DBRA MBT Plans without Preapproval Letters	41	\$651,951,042	0	\$0	0	\$0		
	<i>Total</i>	178	\$6,103,679,335	137	\$135,914,104	65	\$112,451,375		

Detroit Brownfield Redevelopment Authority

Kern/Hudsons/Crowleys

Compuware is the project developer for this \$400,000,000 investment and \$30,000,000 SBT Credit that entailed construction of a 15-story office structure, home to Compuware World Headquarters and 3,600 employees, as well as the construction of a 12-story parking structure in Detroit's Central Business District.

American Axle Headquarters

\$45,000,000 investment and SBT Credit of \$4,453,800 for development of a 250,000 square foot; 7-story building that is now American Axle Headquarters.

Kales Building

Renovation of an 18 story, 114,000 square foot building into 82 apartments and 6,400 square feet of retail space that is located in Detroit's Central Business District. Total investment of \$13,106,000 that received an SBT credit of \$1,000,000.

ArvinMeritor

Development of an 80,000 square foot building for a major high technology center headquarters for ArvinMeritor's light vehicle systems division. The project received an SBT credit of \$1,000,000 on an eligible investment of \$10,000,000 and employs 200 people.

Merchants Row

Project entailed the redevelopment of several buildings in the Central Business District into approximately 40,000 square feet of retail space on the first floor and 157 loft-style residential units. Total investment exceeded \$33,000,000 and received SBT credit of \$3,288,832

Woodward Millennium

Located in Detroit's Midtown, the project entailed the construction of a loft/retail building with 55 market-rate condominiums, a 954 space-parking garage and first floor retail space. With overall investment of \$37,000,000, project received SBT credit of \$2,467,000.

Iodent Building

The 33,000 square foot Iodent Building, located in the Park Avenue Historic District of Detroit was renovated into restaurant/commercial space and sixteen lofts. Total project costs were \$4,000,000 and project received an SBT credit of \$297,638.

Odd Fellows Hall

Redevelopment project in Southwest Detroit for the renovation of the 15,000 square foot, three-story historic building to include commercial space, a second story ballroom, and office space for non-profits with an investment of \$2,840,000 and SBT credit of \$246,271.

Fort Shelby Hotel

Redevelopment of the Fort Shelby Hotel in downtown Detroit that entailed the renovation of this 337,000 square foot, twenty-two story building into a Doubletree Hotel with 204 rooms, 38,000 square feet of conference space and 77 apartments. Total expenditures were \$70,000,000 with MBT credit of \$6,887,763 and 300 jobs.

Cadillac Residences and Book Cadillac Hotel

Book Cadillac Hotel Project the Cadillac Residences project renovated the former Book Cadillac Hotel into 455 hotel rooms, 31,000 square feet of conference space and the top seven floors into 67 condominiums with first floor retail and restaurant space. Project created 500 jobs, had overall investment of \$167,000,000 and received \$10,000,000 MBT credit on the hotel and a \$1,462,298 MBT credit on the residences.

Mack Alter South Amended

Investment of \$10,000,000 for development of a multi-tenant commercial and retail plaza that includes an Aldi Grocery Store and additional retail with creation of 50 jobs. Project received a \$671,865 SBT.

TechOne and Amended Tech One

The TechOne redevelopment of a former GM building located at 440 Burroughs entailed the renovation of a 139,680 square foot, former production shop into a business incubator with total investment exceeding \$24,000,000 and MBT credits of approximately of \$1,000,000. Project generated 600 jobs.

Warren Conner

Extensive rehabilitation of the 146,000 square foot open-air shopping center site located at the intersection of Warren and Conner. Total expenditures related to this project were \$7,386,000, generated 150 jobs and received MBT credit of 676,508.

Amended Argonaut Building

Rehabilitation of the historic Argonaut building into a campus for art and design education, housing College for Creative Studies (CCS) graduate school, CCS housing, art and design focused middle and high school programs and studio space. Total investment exceeded \$140,000,000, created 200 jobs and received a \$10,000,000 MBT credit.

Woodbridge

The Woodbridge project was a collaboration with the Detroit Housing Commission to redevelop a site as rental units consisting of townhouses and apartments and for-sale residential development and later phases of commercial retail space. Total investment for the project is estimated to be in excess of \$40,000,000 resulting in 325 units, 44 jobs and MBT credit in excess of \$4,000,000.

Kennedy Square

With total investment of \$60,000,000 and located in Detroit's Central Business District, the Kennedy Square project entailed the construction of a 10-story office building with 250,000 square feet of office space, and 900 professional employees. Project received \$4,000,000 MBT credit.

3408 Woodward

3408 Woodward entailed the total renovation of a two-story 32,000 square foot building to accommodate first office/commercial with parking and second floor commercial. Total project costs were estimated at \$2,000,000 and project received a \$179,100 MBT credit and generated 23 jobs.

South University Village

New market rate residential apartments, commercial space supported by a new 950 car parking deck in Mid Town that includes a five-story building housing approximately 128 apartments with 26,000 square feet first floor commercial/retail space. With total investment of \$39,200,000, project received a \$1,954,908 MBT credit and generated 65 jobs.

Northeast Guidance Center

Project entailed the construction of two commercial buildings to provide services and house the Northeast Guidance Center administrative and program staff. Total project costs exceeded \$6,300,000. The developer received an MBT credit of \$689,364 and generated 47 jobs.